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FILED

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**SECRETARY, BOARD OF
OIL, GAS & MINING**

**BEFORE THE BOARD OF OIL, GAS & MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

NOTICE OF AGENCY ACTION FOR AN ORDER REQUIRING MARION ENERGY TO PLUG AND RECLAIM WELLS; OR FORFEIT SURETY BOND AND AUTHORIZE THE DIVISION TO PLUG AND RECLAIM WELLS LOCATED IN TOWNSHIPS 13 AND 14 SOUTH, RANGE 7 EAST, CARBON COUNTY, UTAH; AND AN ORDER REQUIRING MARION ENERGY TO IMMEDIATELY COMPLY WITH THE NOTICE OF VIOLATION FOR THE WELLS LOCATED IN TOWNSHIPS 12, 13, AND 14 SOUTH, RANGES 7 AND 10 EAST, CARBON COUNTY, UTAH.

**MARION ENERGY'S REQUEST FOR AN
ORDER REMOVING THE UTAH FUEL
8 WELL FROM PLUGGING ORDER
AND PROVIDING FOR DISPOSITION
OF FORFEITED BOND MONIES**

AND

PROPOSED ORDER

Docket No. 2011-018

Cause No. 250-02

Marion Energy Inc. ("Marion"), through its undersigned counsel, submits this Request for an Order Removing the Utah Fuel # 8 Well from Plugging Order and Providing for Disposition of Forfeited Bond Monies, and submits a Proposed Order regarding same.

The Board entered an Order on September 10, 2012 ("Plugging Order") forfeiting the bond for certain wells operated by Marion in the Clear Creek Field and authorizing the Division to plug them in accordance with the applicable statutes and rules. Since that time the Board has issued a series of orders removing all but one of the subject wells from the Plugging Order, the

Utah Fuel # 8. This stipulation addresses that remaining well, and the disposition of the bond monies forfeited by the Plugging Order, and attaches a proposed order regarding same.

Utah Fuel # 8 Well.

Since the Board's February 2014 hearing, at which Marion presented a status update on the work planned for the Utah Fuel # 8 well, Marion has completed its workover of the well, connected the well to its gas gathering and water disposal systems, and put the well onto production. The details of these activities are provided in the Statement of Doug Endsley in Support of Request to Remove Utah Fuel # 8 Well from Plugging Order, attached as Exhibit 1. Based on these activities Marion seeks an order from the Board removing the Utah Fuels # 8 well from the Plugging Order.

Disposition of Forfeited Bond Monies

The Division currently holds approximately \$214,080 ("Forfeited Funds") for plugging and restoration of the wells that were subject to the Plugging Order, which funds were forfeited or otherwise deposited by Marion. In an earlier Order entered in this case, dated December 4, 2013, the Board provided that the Division should continue to hold the Forfeited Funds until the amount of a replacement bond is determined by agreement between Marion and the Division, or if they cannot agree, by order of the Board. Any excess monies will then be returned to Marion.

In the event that the Board approves Marion's request to remove the Utah Fuel # 8 well from the Plugging Order, thereby having addressed all of the wells included in that Order, Marion asks the Board to include language in the order directing the Division to work with Marion in a reasonably expeditious manner on the disposition of the monies being held by the Division as per the terms of the December 4, 214 Order. Marion assumes that this will include Marion's putting into place a bond or bonds (or other acceptable financial surety under the

Division rules, including potentially a cash deposit made up of a portion of the Forfeited Funds) in an amount sufficient to cover plugging and site restoration of the operating wells, and for site restoration of the plugged wells. Once the bond or bonds are in place, the Division would return to Marion the Forfeited Funds (minus any portion that may be converted to a cash deposit for bonding one or more of the wells). Any future release of the bonds put in place by Marion would be pursuant to the Division rules.

Submitted this 27th day of May, 2014.


By Mike Malmquist
Parsons, Behle & Latimer

PROPOSED ORDER

The Board of Oil, Gas and Mining having reviewed the attached MARION'S REQUEST FOR AN ORDER REMOVING THE UTAH FUEL # 8 WELL FROM PLUGGING ORDER AND PROVIDING FOR DISPOSITION OF FORFEITED BOND MONIES and finding good cause therefore, does hereby Order as follows:

1. The Utah Fuel # 8 well is removed from operation of the September 2012 Plugging Order and returned to Marion's control as the designated operator.
2. The Division shall continue to hold the forfeited bond monies until the amount of a replacement bond or bonds covering the operating wells and plugged wells is determined by agreement between Marion and the Division, or if they cannot agree, by order of the Board. Any excess monies, or any monies for which replacement bonds are posted, shall be returned by the Division to Marion. The Division will work with Marion to resolve these issues in a reasonably expeditious manner.

Dated this ____ day of _____, 2014

**STATE OF UTAH
BOARD OF OIL, GAS AND MINING**

By: _____
Chairman

CERTIFICATE OF DELIVERY

The Undersigned hereby certifies that a true and correct copy of the foregoing was delivered by electronic/first class mail to the following persons at the addresses indicated this 27th day of May, 2014.

Mike Johnson
Counsel for the Board of Oil, Gas and Mining
mikejohnson@utah.gov

Steve Alder, Assistant Attorney General
Counsel for Utah Division of Oil, Gas and Mining
stevealder@utah.gov

A handwritten signature in blue ink is written over a horizontal line. The signature is stylized and appears to be "Steve Alder".

Exhibit 1

Statement of Doug Endsley in Support of Request to Remove Utah Fuel # 8 from
Plugging Order